

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated an annual growth rate of 4.8% in the first quarter of 2006, compared with growth of 1.7% during the fourth quarter of 2005. The rebound in growth reflected a recovery in the consumption of durable goods and stronger economic contributions from Federal spending and net exports.
- The U.S. **Consumer Price Index (CPI)** rose at an annual rate of 4.3% in March from February, but was only 3.4% above the year-ago level. Energy prices gained back more than they had declined in February, and were still 17.3% above the level in February 2005. Despite the increases in energy prices, the indexes for apparel and shelter accounted for approximately 70.0% of the March increase in the CPI. Apparel prices rose at an annual rate of nearly 13.0% in March.
- **Motor vehicle sales** in March largely remained unchanged from February's levels. Auto sales rose only 0.1% in March, and were 3.4% below the year-ago level, while light truck sales were down 0.2% from February's level and down 0.4% from February 2005. However, sales of heavy trucks rose 3.2% in March and were 17.1% above the level one year ago.
- **Housing starts** declined 7.4% in April from the March level and were 11.1% below the level in April 2005. Reduced starts in the South and West more than accounted for the overall drop given that starts were up 4.2% in the Midwest.



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- **Wage and salary employment** in Michigan rose by 9,000 jobs in March from the February level but was 23,000 jobs below the level in March 2005. March marked the first increase in manufacturing sector employment since November 2005 and the largest since September 2005, although the level is still down 20,000 jobs from March 2005. Employment in transportation equipment manufacturing was down 11,000 jobs, or 5.0%, from the year-ago level.
 - **Average weekly earnings** generally posted increases from year-ago levels in March, despite several sectors' reporting flat growth or declines in average weekly hours. The growth rate in average weekly earnings from one year ago exceeded 4.8% in durable goods manufacturing, wholesale trade, retail trade, information, and professional/business services, even though average weekly hours fell in the last two sectors.
 - In March, Michigan's **motor vehicle production** continued a recent pattern of large monthly swings in production, with production of both automobiles and light trucks up approximately 15% from the February level. However, compared with year-ago levels, automobile production was up 23.5% while light truck production was down 11.1%. Michigan's share of U.S. light vehicle production remained at the February level of 19.8% in March, but was down from 22.5% in March 2005.



MARCH 2006

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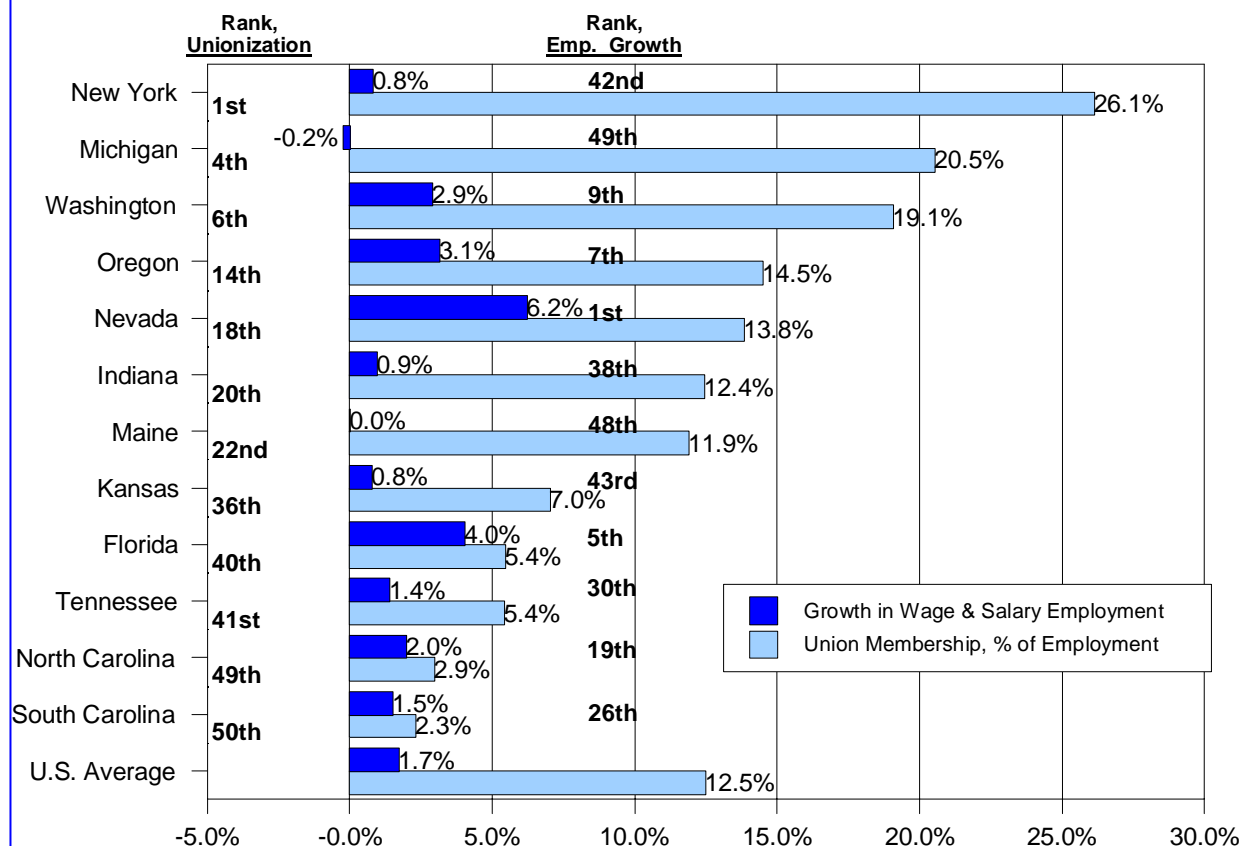
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Apr. 2006	Mar. 2006	Apr. 2005	<u>Change from Mar.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	150,811	150,652	148,839	159	0.1%	1,972	1.3%
Employment	143,688	143,641	141,196	47	0.0	2,492	1.8
Unemployment	7,123	7,011	7,644	112	1.6	(521)	(6.8)
Unemployment Rate	4.7%	4.7%	5.1%	---	---	---	---

Michigan	Mar. 2006	Feb. 2006	Mar. 2005	<u>Change from Feb.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,131	5,114	5,101	17	0.3%	30	0.6%
Employment	4,782	4,776	4,746	6	0.1	36	0.8
Unemployment	349	338	355	11	3.2	(6)	(1.8)
Unemployment Rate	6.8%	6.6%	7.0%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

Relationship Between Unionization and Employment Growth Mixed, 2005



Source: Bureau of Labor Statistics, U.S. Department of Labor

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Mar. 2006*	Feb. 2006	Mar. 2005	<u>Change from Feb.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,371	4,362	4,394	9	0%	(23)	(1)%
Goods Producing Industries	864	858	884	6	1	(20)	(2)
Natural Resources & Mining	9	9	8	0	0	0	1
Construction	191	189	191	2	1	(0)	(0)
Manufacturing	665	661	684	4	1	(20)	(3)
Transportation Equipment	230	229	241	1	0	(11)	(5)
Service Producing Industries	3,507	3,504	3,510	3	0	(3)	(0)
Trade, Transportation & Utilities	794	794	807	0	0	(13)	(2)
Information	67	68	68	(0)	(1)	(0)	(1)
Financial Activities	219	219	219	0	0	1	0
Professional & Business Services	595	598	590	(4)	(1)	5	1
Education & Health Services	572	569	569	3	0	3	0
Leisure & Hospitality Services	408	405	404	4	1	5	1
Other Services	179	178	178	1	0	2	1
Government	672	672	677	(0)	(0)	(5)	(1)

Source: Bureau of Labor Statistics, U.S. Department of Labor

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Mar. 2006	Year Ago	Percent Change	Mar. 2006	Year Ago	Percent Change
Construction	36.9	36.6	0.8%	\$794.83	\$808.49	(1.7)%
Manufacturing	41.8	41.0	2.0	913.75	874.12	4.5
Durable Goods	42.7	41.7	2.4	1,000.89	951.18	5.2
Motor Vehicle Manufacturing	43.4	41.9	3.6	1,353.65	1,292.62	4.7
Motor Vehicle Parts Manufacturing	42.2	42.6	(0.9)	1,176.54	1,162.98	1.2
Nondurable Goods	38.4	38.4	0.0	600.58	580.99	3.4
Wholesale Trade	37.7	35.7	5.6	714.79	676.16	5.7
Retail Trade	29.3	29.0	1.0	359.80	341.33	5.4
Grocery Stores	26.7	24.5	9.0	237.10	219.28	8.1
General Merchandise Stores	28.5	28.9	(1.4)	298.68	301.72	(1.0)
Information	34.2	35.6	(3.9)	682.63	638.66	6.9
Financial Activities	33.4	33.4	0.0	591.85	583.50	1.4
Prof. & Business Services	33.8	34.2	(1.2)	630.71	601.92	4.8
Health Care & Social Assistance	33.9	34.2	(0.9)	553.59	536.60	3.2
Leisure & Hospitality	22.4	22.3	0.4	183.90	178.62	3.0
Auto. Repair & Maintenance	35.5	36.0	(1.4)	530.73	542.88	(2.2)
Personal & Laundry Services	25.8	26.7	(3.4)	304.70	322.00	(5.4)

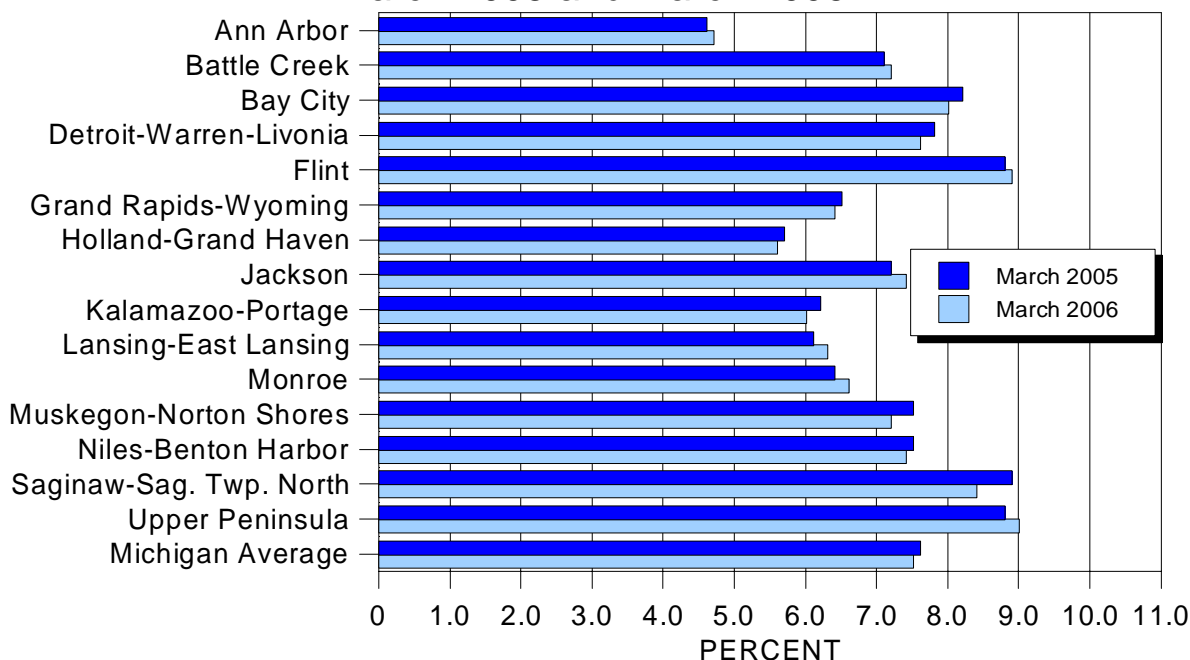
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Mar. 2006*	Feb. 2006	Jan. 2006	Mar. 2005
Metropolitan Statistical Areas				
Ann Arbor	4.7%	4.5%	4.2%	4.6%
Battle Creek	7.2	7.1	6.5	7.1
Bay City	8.0	7.8	7.1	8.2
Detroit-Warren-Livonia	7.6	7.0	7.6	7.8
Flint	8.9	8.7	7.8	8.8
Grand Rapids-Wyoming	6.4	6.2	5.6	6.5
Holland-Grand Haven	5.6	5.6	5.1	5.7
Jackson	7.4	7.2	6.6	7.2
Kalamazoo-Portage	6.0	6.0	5.5	6.2
Lansing-East Lansing	6.3	6.3	5.8	6.1
Monroe	6.6	6.7	6.5	6.4
Muskegon-Norton Shores	7.2	7.1	6.4	7.5
Niles-Benton Harbor	7.4	7.5	6.7	7.5
Saginaw-Saginaw Twp North	8.4	8.3	7.5	8.9
Multi-County Areas				
Northeast Lower Michigan	11.7	11.3	10.2	11.6
Northwest Lower Michigan	8.8	8.6	7.8	8.7
Upper Peninsula	9.0	8.6	7.7	8.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.5	7.2	7.1	7.6
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

March 2005 and March 2006

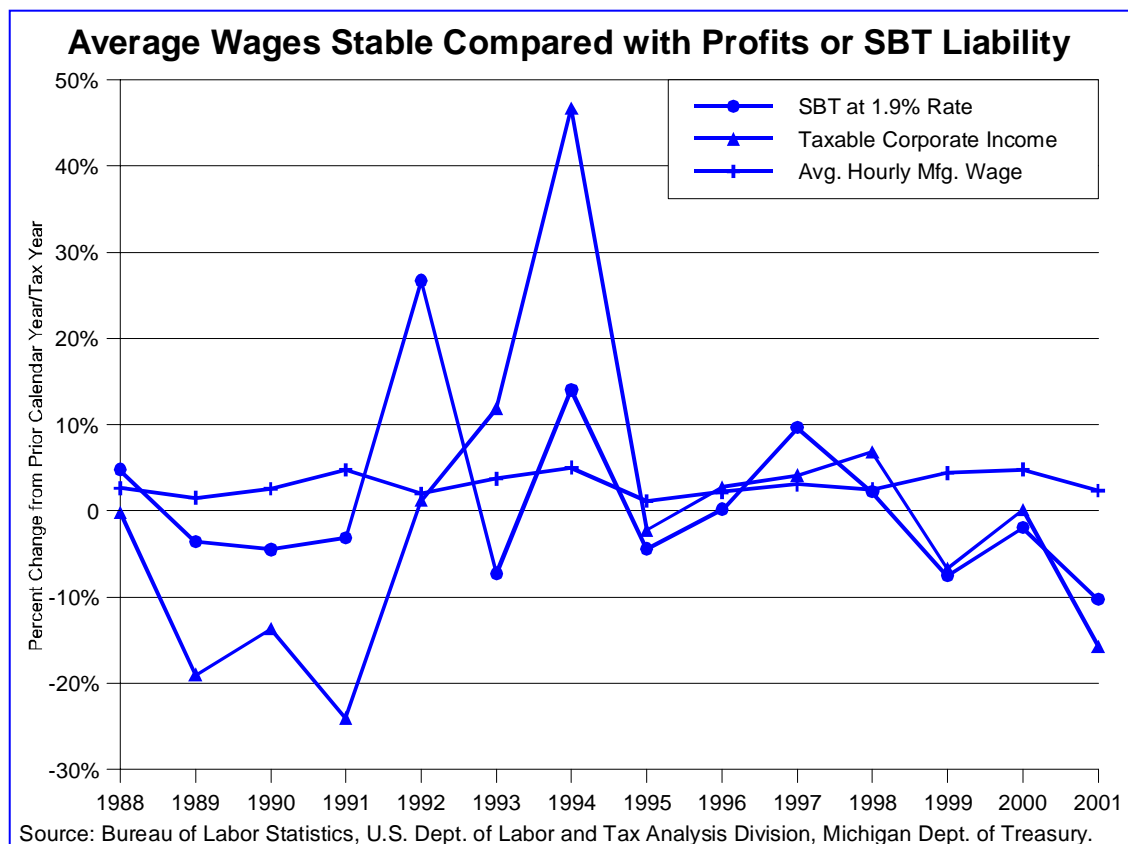


Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

						Percent Change From:	
	Mar. 2006	Feb. 2006	Jan. 2006	Dec. 2005	Year Ago Mar.	Mar. 2006/ Mar. 2005	
Motor Vehicle Sales^{1,2)} (thousands of units, SAAR)							
Autos	7,420	7,410	8,560	7,664	7,680	0.1%	(3.4)%
Domestics	5,279	5,413	6,468	5,545	5,494	(2.5)	(3.9)
Imports	2,141	1,997	2,092	2,119	2,186	7.2	(2.1)
Import Share	28.9%	27.0%	24.4%	27.6%	28.5%	---	---
Light Trucks	9,117	9,138	9,018	9,482	9,157	(0.2)	(0.4)
Domestics	7,744	7,790	7,703	8,263	7,941	(0.6)	(2.5)
Imports	1,373	1,348	1,315	1,219	1,216	1.9	12.9
Import Share	15.1%	14.8%	14.6%	12.9%	13.3%	---	---
Light Vehicle Total	16,537	16,548	17,578	17,146	16,837	(0.1)	(1.8)
Heavy Trucks	555	538	527	534	474	3.2	17.1
Total	17,092	17,086	18,105	17,680	17,311	0.0	(1.3)
U.S. Motor Vehicle Production^{1,2)} (millions of units, SAAR)							
Autos	4,538	4,409	4,633	4,300	4,470	2.9	1.5
Michigan Motor Vehicle Production^{2,3)} (thousands of units, SAAR)							
Autos	1,370	1,190	1,329	1,124	1,109	15.1	23.5
Trucks	1,195	1,041	969	1,154	1,344	14.8	(11.1)
Total	2,565	2,231	2,298	2,278	2,453	15.0	4.5
Michigan Production as % of U.S.	19.8%	19.8%	19.9%	21.2%	22.5%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,553	1,422	1,360	1,396	1,547	9.2	0.3
Days Supply	58	57	56	58	57	1.8	1.8
Total Truck	2,391	2,281	2,247	2,209	2,465	4.8	(3.0)
Days Supply	80	82	97	71	79	(2.4)	1.3

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	Apr	136.8	136.2	133.6	0.4%	2.4%
Coincident Index ¹⁾ (1992=100)	Mar	150.2	149.8	145.5	0.3	3.2
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	Apr	1,849	1,996	2,079	(7.4)	(11.1)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	Apr	\$327.5	\$325.9	\$307.3	0.5	6.6
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	Apr	112.3	111.4	107.2	0.8	4.7
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	Apr	81.9	81.4	79.7	0.6	2.8
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Mar	199.8	199.1	193.2	4.3	3.4
Detroit (not seasonally adjusted)	Feb	194.8	192.4	187.8	7.7	3.7
Interest Rates						
3-month Treasury Bill ³⁾	Apr	4.59%	4.51%	2.79%	---	---
Corporate Aaa Bonds ³⁾	Apr	5.84%	5.53%	5.33%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2006 1st Qtr.	\$11,381.4	\$11,248.3	\$10,999.3	4.8	3.5
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Apr 2006	\$1,705.1	\$988.7	\$1,614.4	NM	5.6

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

